MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL'S STANDING GROUP
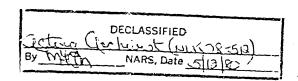
Annex 6

ECONOMIC RESTRICTIONS

a) Shipping

         The results of our demarches to cut down Free World
shipping to Cuba are best explained by figures. During the
period January 1 to March 31, 1962 a total of 337 Free World
vessels entered Cuban ports. During the same period in 1963,
only 62 Free World vessels entered Cuban ports. A proposal is
presently before the President to expand NSAM No. 220 to bar
U. S.-financed cargoes to all vessels owned or controlled by
persons owning or controlling vessels engaged in the Cuban
trade. Such a measure will affect several hundred vessels and
we anticipate it will result in a further decline in Free
World shipping to Cuba.

         Other measures being considered include closing OAS
ports to all vessels engaged in the Cuban trade on continuous
voyage, requesting U. S.-owned oil companies to voluntarily
deny bunkers in the Western Hemisphere to ships known to be
engaged in the Cuban trade, reassessment of the definitions
within the terms of Section 107 (B) of the Foreign Aid and
Related Agencies Appropriations Act of 1963 and closing
United States ports completely to certain classes of vessels.

b) Civil Aviation

         Before the missile crisis, five international airlines
served Cuba with about 20 frequencies weekly. Through our
efforts, all Free World international airlines except IBERIA
(Spain) have ceased operations to the island. IBERIA has
one-to-two flights per month.

CUBANA (Cuba) has a bi-weekly service to Mexico City. The Mexicans have taken several measures to tighten the controls on this service.

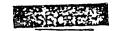These are the only scheduled links Cuba now has with the Free World.

Continued efforts by CSA (Czechoslovakia) and CUBANA to obtain servicing and/or passenger rights in other Free World cities have been thus far successfully blocked by Departmental efforts.

Any requests for transit, servicing or passenger privileges by CUBANA, CSA or AEROFLOT at any point are strenuously opposed on a continuing basis.

c) Trade

The decline in Free World trade with Cuba has materially affected her ability to maintain the former relatively high standard of living enjoyed before the Castro take-over. The 4th quarter 1959 GNP of $2.391 billion pesos has declined an estimated 25% to about $1.790 billion pesos (Est. 1962) while the population has increased roughly 6% from 6,661,000 to 7,068,000 in 1962. From these data it appears that the per capita GNP has declined from about 360 pesos in 1959 to 253 pesos per annum in 1962. This decrease in income and the rise in prices caused by the increasing shortage of consumer goods has further reduced the average Cuban standard of living, causing widespread discontent. Some selected trade figures may be illustrative of the effects of the United States efforts.
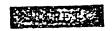
Trade with Cuba
(Millions of dollars)

Country	1959	1961	1962 (Est)
USA	881	49	7
Canada	27	35	13
United Kingdom	52	28	27
Japan	38	36	54
Latin America	86	22	15
Fed. Rep. of Germany	44	14	11
France	23	6	4
Netherlands	25	15	13
Spain	14	13	9

Geographic Areas
(Millions of dollars)

Area	1959	1961	1962 (Est)
North America	908	849	20
Europe	228	108	107
Latin America	86	22	15
Near and Far East	67	111	118
	1,289	315	260

d) Strategic Commodities

      We are continually endeavoring to halt the flow
of strategic commodities which formerly were supplied to
a great extent by the United States to Cuba. We have recently
through the combined efforts of State, Commerce and
private industry successfully blocked the exportation of 500
small tractors from Britain to Spain to Cuba and the sale
of 2.5 million tons of Egyptian oil.

      Additionally, several shipments of bright stock
(oil additive) have been denied Cuba. In several instances
export sales of Cuban sugar were blocked.

      Efforts to further disrupt Cuba's economy through
cutting off needed imports and prevent the earning of badly
needed foreign exchange by reducing sales of sugar, tobacco,
molasses and other products are being carried forward on a
continuing basis.